

*Testimony before the Human Services Committee
Kathleen M. Brennan, Deputy Commissioner
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Good afternoon, Senator Moore, Representative Abercrombie and distinguished members of the Human Services Committee. My name is Kathleen Brennan and I am the Deputy Commissioner of the Department of Social Services. I am here before you today to testify on bills that have impact on the Department.

Proposed H.B. No. 5255 AN ACT CONCERNING FUNDING STUDENT HEALTH INSURANCE WITH MEDICAID

This legislation proposes that the Commissioner of Social Services, in consultation with the president of the Board of Regents for Higher Education, the executive director of the Office of Higher Education and the president of the Board of Trustees for the University of Connecticut, conduct a study into the potential benefits of using Medicaid dollars to fund or supplement health insurance plans for college students who qualify for Medicaid.

For Medicaid to pay for services for college students, three criteria need to be met:

- The students would need to be Medicaid-eligible (and they would be, as stipulated in the submitted language);
- The services must be medically necessary; and
- The provider of the services must enroll in the Connecticut Medical Assistance Program (CMAP) as one of our existing provider types (clinic, physician, APRN) and submit claims for the services provided.

While the intent of the legislation is to direct a study, the scope of the study is unclear. The proposed bill uses the phrase: “the potential benefits of using Medicaid dollars to fund or supplement health insurance plans for college students who qualify for Medicaid.” If a college student applies for and has been determined eligible for Medicaid and receives a Medicaid covered service from a provider enrolled in the Connecticut Medical Assistance Program, Medicaid would pay in full. The Department is unsure of the purpose of this legislation and for what additional services and/or providers it seeks to require Medicaid coverage. In particular, we are unsure of the intended meaning of the phrase “fund or supplement the student health insurance plan” and would welcome further conversations to define the scope of the study.

Proposed H.B. No. 5586 AN ACT INCREASING NURSING FACILITY RATES

This bill would amend the general statutes to increase nursing facility rates to cover costs of all care.

Enacting this bill would increase Medicaid expenditures by an estimated 31% of current annual expenditures. This is projected to cost \$601 million in total, of which half, or \$300.5 million, would have to be paid out of state funds.

DSS does not anticipate any increase in Medicaid funding that would enable it to make an increase in reimbursement of this magnitude. Further, increasing reimbursement to all nursing facilities, irrespective of their rate of occupancy, is not efficient and is inconsistent with the state's Strategic Plan to Rebalance Long-Term Services and Supports. Under this plan, DSS is supporting both the transition of individuals out of nursing facilities to independent living in the community, and also the diversification of nursing home facilities to meet the anticipated growth in demand for home and community-based services. Increasing reimbursement across the board to all nursing facilities would only preserve the status quo and will not enable the system to continue to rebalance.

Finally, modifying reimbursement in this manner would be costly and administratively burdensome to DSS. Nursing home rate setting methodology would have to be analyzed and updated to remove cost category caps and year-to-year limits on rate increases. This would effectively remove existing inflation controls within the system and may result in excessive year-to-year increases in operational costs at the nursing homes. In order to truly capture and pay full costs of providing care, rates would have to be re-based each year for each provider based on its most recently filed cost report. This would be a complex and time-consuming process.

For these reasons, the Department must oppose this bill.

Proposed H.B. No. 5812 AN ACT CONCERNING A COST OF LIVING INCREASE FOR NURSING FACILITIES

Proposed S.B. No. 231 AN ACT CONCERNING COST-OF-LIVING INCREASES FOR NURSING HOMES

These proposals would amend the general statutes to provide annual cost of living increases equal to or greater than the cost of living increases for Social Security beneficiaries and provide rate increases for costs not under management control (utilities) for nursing facilities and nursing homes.

DSS does not anticipate any increase in Medicaid funding that would enable it to make an increase in reimbursement of this magnitude. Even if DSS had the resources to implement such a proposal, estimating its fiscal impact and implementing it would be complex since utility costs would have to be reported and verified for each of the 220 nursing facilities that participate in Medicaid. Further, it is not clear from the language whether DSS would be required to adjust rates downward if utility costs were to decrease (as was recently the case with oil prices).

For these reasons, DSS does not support these proposed bills.

Proposed H.B. No. 5814 AN ACT CONCERNING A STUDY OF MEDICAID HOME HEALTH RATES

Proposed H.B. No. 5827 AN ACT CONCERNING MEDICAID-FUNDED HOME HEALTH CARE

HB 5814 is proposing a study to explore and implement a full restructuring of Medicaid reimbursement to home health care agencies to an acuity-based rate structure to support the state rebalancing plan and the Money Follows the Person program's efforts to deinstitutionalize residents who are capable of receiving care in a community setting. Similarly, HB 5827 suggests amending the general statutes to: (1) mirror Medicare's rate methodology using geographic regions to adjust base Medicaid rates for home health care to address provider cost differences, except where base rates would be reduced; (2) ensure access and capacity; and (3) address the increased need for pediatric home health services delivered by home health providers in the community.

A Medicare-based reimbursement process for home health services is a prospective payment system that utilizes base payments and includes various payment adjustments to reflect the health condition, geographic location, and the care needs of the beneficiary. The unit of payment is typically for a 60-day episode of care but may be adjusted for low utilization. This payment methodology is complex and would require significant resources to design and operationalize. This proposal would require additional programmatic funding, a consulting contract for the design and implementation of the new reimbursement system, a fiscal intermediary to manage episodes of care and to establish appropriate reimbursement, and additional staffing at DSS to support the implementation and operation of a Medicare-based prospective payment system.

For these reasons, DSS cannot support these proposed bills.

Proposed H.B. No. 5823 AN ACT IMPLEMENTING A STATE-WIDE COORDINATED TWO- GENERATIONAL MODEL

This bill proposes the creation of two-generational pilot programs that promote long term, economic success for low-income families. Services offered would include a specific focus on employability, sustainable employment, professional development, and programmatic linkages for child and parent.

The Department of Social Services (DSS) greatly supports the implementation of two-generational program models. Together with our sister agency, CT Department of Labor (DOL), the Department currently coordinates staff and agency resources to operate the Jobs First Employment Services (JFES) program for individuals receiving Temporary Family Assistance (TFA). The JFES program can be viewed as the beginning steps toward a two-generational model program. Various program services are offered to the TFA adults, including job skills and literacy assessment, interview guidance, job placement and adult basic education classes. However, both DSS and DOL are limited in terms of offering additional programs shaped specifically for the children within the TFA household. It is important to mention that many of our TFA adults do, however, rely on access to child care assistance from the Office of Early Childhood's Care 4 Kids program.

There has been recent information provided in the ALICE (Asset Limited, Income Constrained, and Employed) report by the United Ways of Connecticut that reviewed low-income financial hardships. The United Way raises funds annually to support community needs and often serves similar low-income individuals who access DSS and DOL services. We believe that there are United Way communities that can partner with DSS and DOL to coordinate these resources.

At this time, the Department does not have unallocated funds that can be used to pilot this program. However we are happy to work with DOL to review the prospect of a possible viable strategy within existing resources.